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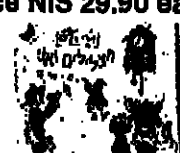
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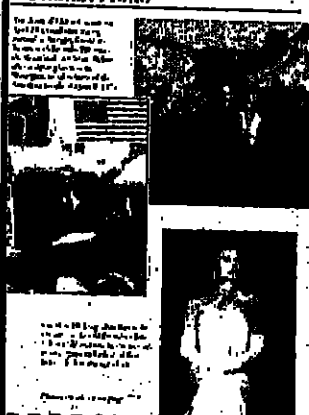
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2 THE JERUSALEM POST MONEY MAGAZINE

YOUR MONEY

SAVINGS PLAN ECONOMICS

CL writes: I want to open a savings account with a small sum of money and add about NIS 100 every month. I don't think I'll need the money for the next two years or even longer. All my accounts are at Israel Discount Bank. Is it worth opening a savings account with them, or should I try a different bank like First International so that not everything I own is in one bank?

The chances of one of the big banks in this country going bust and you losing your money are minimal. The government would certainly step in if this were to occur. So, from a safety standpoint, there is little to be gained by spreading your assets around.

In fact, if you were to make your monthly deposits from your Discount account to another bank by direct debit, Discount would charge you NIS 6.75 per transfer. Discount says that if you could arrange for the payments to be made via the banks' automated central payments system the transfers would be free. If you were to transfer the money by individual requests that would cost you NIS 28 per transfer.

Given the cost and complexity of transferring money between banks and that Discount's savings

rates are pretty competitive, it makes sense to open your savings account there.

As to the rates the different banks offer, First International does not offer fixed rate savings on monthly deposit plans (it offers floating rates which change each month according to rates prevalent in the bond market). Leumi and Hapoalim both offer fixed rates of 2.5% per annum plus the consumer price index while Discount offers 3% and Mizrahi, via its car plan - it doesn't matter that you are not saving for a car - 3.1%.

I asked Discount spokesperson Dorit Harari if Discount would match the rate Mizrahi is offering. She said that your Discount branch would certainly not want to lose your business. Understand from that what you will.

MONEY NOTES

▲ Trade Bank, which has branches in Tel Aviv and Beersheba and says it plans to open a branch in Haifa very shortly, has been authorized by the Supervisor of Banks to offer index-linked savings plans to the public.

On lump-sum deposits of NIS 50,000 or more, the bank is

offering two-year plans paying 4.5% interest per annum plus the CPI.

▲ Bank Adanim, a mortgage-banking subsidiary of United Mizrahi Bank, has recently entered the savings plan market and is offering a plan from which savers can exit whenever they want after the first two years, rather than the more usual arrangement whereby penalty-free exits are only allowed at certain fixed points.

▲ Israel Discount Bank is offering customers planning to travel abroad travel-related loan packages. "Selected" clients can borrow up to NIS 30,000 at the prime interest rate; they can have new gold Visa cards free for one year; Diners Club membership free for two years; free Memsai membership; and reduced commissions on traveler's cheque purchases.

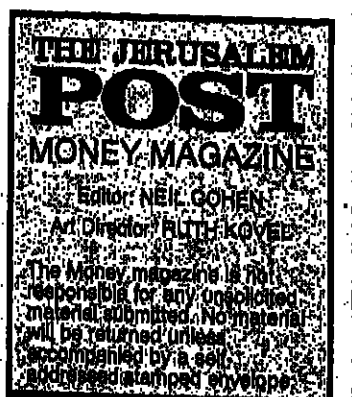
Regular customers can borrow up to NIS 10,000 at prime plus 1%. They are entitled to Visa International membership at a 50% discount and free membership of Memsai and Diners for two years. There are also reductions, albeit smaller ones, on foreign currency purchases. — Neil Cohen

AUCTION NEWS

By Meir Ronnen

A previously wobbly art market took on new strength in London late last month when Sotheby's Impressionist and contemporary art sales raised more than £43 million. The star of the four sales was the Gauguin Tahitian landscape that went for more than its estimate at a little over £5.5m. Seven Impressionist paintings together topped £1m. In Part One of the Impressionist sales.

At the more lackluster Part Two the next day, Renoir's *After the Bath* went over its top estimate to reach £177,500 paid by a Par Eastern buyer. An oil by Andre Masson doubled its lower estimate, being bought by the Royal Belgian Museum for £106,000.



Sotheby's London sale of contemporary art on June 28 raised £6.76m., the highest in London since 1990. A Francis Bacon portrait from 1985 went through the roof at £13.2m, double its pre-sale estimate. Bazelliz, Yves Klein, Alberto Burri and Gerhard Richter all sold well above the rosiest estimates. I have the distinct feeling that the steady decline in the value of money is tempting more and more private collectors into the market.

A sale of 28 Old Master paintings at Sotheby's London last week raised nearly £5.8m. for the British Rail Pension Fund; expectations had been around £4m. A small landscape by Salomon van Ruysdael set a world auction record for this artist at £1.54m. Works by Rubens, Brueghel the Younger and Teniers went far beyond their top estimates. Only two works failed.

Aside from this collection, Goya's wonderful *Sorting the Bulls*, an oil on tapestry, went for more than double its estimate at over £1.8m.

MATSA's 85th auction in Tel



Francis Bacon, 'Study for a Portrait of John Edwards', oil, detail, 1985 (£12.3m. at Sotheby's)

Aviv last month did amazingly well, when 80 percent of the 178 lots went for a healthy \$952,000. Top sale was a Moise Kialing flower piece which went for well over its best estimate to reach \$229,600. An oil, *Spring in Eln Kerem*, by Reuven Rubin brought an expected \$67,200.

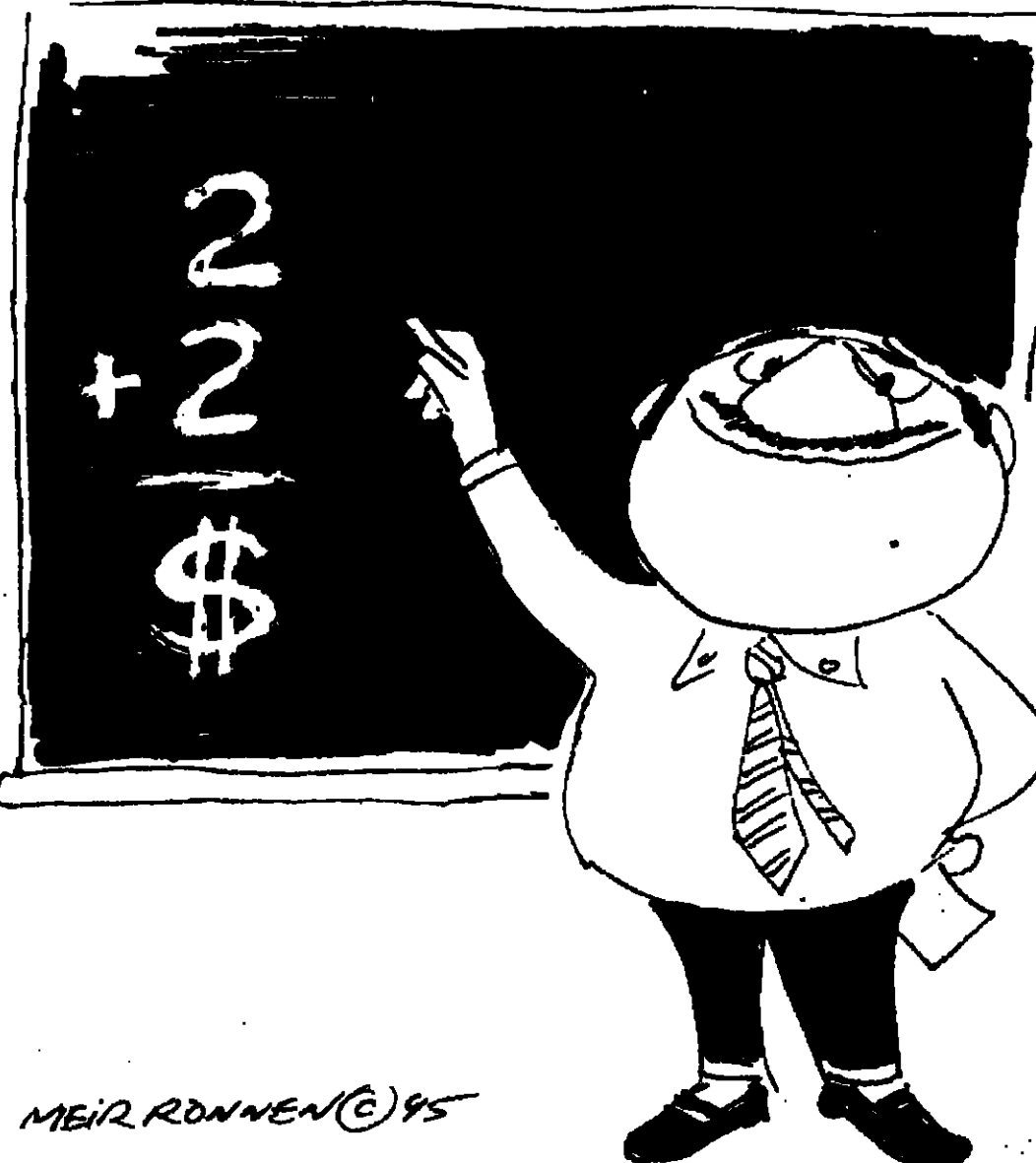
The Chana Orloff bronze of a seated nude was bought by an American client for \$31,360. Yael Berger's wedding scene went for a handsome \$19,040.

Five of the seven Castels on offer went for prices between \$16,500 and \$27,500. All four abstracts by Lea Nikel were sold, the biggest for \$7,700.

A Mokady of a gloomy figure from the 1930s did well at \$10,500.

YOUR MONEY

BACK TO SCHOOL



MEIR RONNEN © 95

Canny US investors like
Michael Milken are looking
at investment opportunities
in education.

By James K. Glassman

One way to make huge sums in the stock market is to figure out which industries and companies will be thriving 10 years from now - and invest in them. That's not easy, of course, but consider the payoff. In 1986, for example, a prescient investor might have looked at the infant personal computer business and concluded that a certain firm in Redmond, Washington, that wrote systems software would boom. A \$15,000 investment in Microsoft Corp. back then would be worth more than \$1 million today.

My candidate for the hottest industry in 2005 is education. Right now, nearly all of the \$400 billion that's spent on it each year flows to government entities and to nonprofits, rather than to commercial firms. But it doesn't take a genius to predict that the folks who manage education today won't still have their near-monopoly in the next century.

By any objective standard, they have done a poor job - and the money to fund their inefficiencies is running out. For example, while elementary and secondary school enrollments rose less than 3 percent from 1980 to 1993, expenditures rose 161 percent. Quality? SAT scores are flat or falling. Any private business that performed that way would have gone bankrupt long ago.

"The education market today reminds us of what the health care business looked like 10 to 15 years ago," says Michael Moe, who heads the growth-company group at Lehman Brothers Inc. Moe is one of the few analysts who follow education stocks.

There's enormous resistance to change among entrenched interests, he says, just as there was in health. People would say, "You shouldn't make money off hospitals," just as they're now saying, "You shouldn't make money off a child's education."

But changes are happening, and it's inevitable that for-profit firms will enter "what Moe calls 'a gigantic market.' Some of them are already there. Here is how the tiny education industry shapes up:

SCHOOL MANAGEMENT. The big name here is Education Alternatives Inc., the Minneapolis-based firm that, under contract with city authorities, runs nine schools in Baltimore, will soon begin running at least five in Hartford and may add another 11 in Washington.

EAI takes a fee per student that's roughly the same as the public schools themselves spend, then tries to do a better job. I was impressed on my own visit a year ago to a Baltimore school run by EAI, but the company has to overcome severe political obstacles.

The stock has tumbled by 70 percent after hitting a high of \$48.50 a share in late 1993; Moe believes it could double this year.

Other companies, notably Christopher Whittle's Edison Project, which is closely held and recently received an infusion of venture capital money, are starting to compete with EAI. The market is certainly big enough: If private firms take only 20 percent of public elementary and secondary

school revenue 10 years from now, they'll be grossing about \$100 billion.

Private school chains. Last week, the Republican governor of Ohio, George V. Voinovich, signed a bill creating a pilot voucher program in Cleveland that helps parents send their kids to private schools. In Milwaukee, a successful voucher program is about to be expanded.

PRIVATE EDUCATION, perhaps with public subsidies, may be the wave of the future. But is it a business? The Edison Project, which originally planned to start a chain of low-cost private schools, evidently doesn't think so, but a few companies do.

The most prominent is Nobel Education Dynamics Inc., based in Media, Pennsylvania. The firm,

traded over-the-counter, will own 52 schools across the country by the end of the year and will add at least 42 more in the next three years by upgrading child care centers into elementary schools, each with the fancy moniker Chesterbrook Academy.

Nobel makes a profit: \$1 million on \$10 million in revenue for the first quarter. But it remains a tiny company, with a market value of less than \$30 million.

TECHNICAL COLLEGES. "In successful investing," Alexander Paris of Barrington Research told me, "it's good to find a problem, then find a company that seems to be solving it." The problem is that too few Americans are being trained for well-paying high-tech or medium-tech jobs. The company, with the solution, Paris and

reputation because it actually delivers what it promises.

Other highly regarded, publicly traded technical school chains cited by analysts are: the Apollo Group Inc., which operates the University of Phoenix, and ITT Educational Services Inc., which is 83 percent owned by ITT Corp. and which offered the rest of its shares to the public six months ago. They've since jumped from \$10 to \$17.

ITT/ESI, which earned \$4 million on revenue of \$51 million in the first quarter, operates 56 schools for 20,000 students in 25 states.

LEARNING PROGRAMS. This may eventually be the best business of all, because it requires so little capital and uses technology that's getting better and cheaper by the minute.

TRO Learning Inc. of Schaumburg, Ill., appears especially well positioned, says Paris. The company sells interactive computer programs (mostly under the brand name Plato) for schools, especially community colleges, to train and test students in technical courses. TRO, however, has had a tough time making money; its stock has languished for the past two years.

Sylvan Learning Systems Inc., based in Columbia, Maryland, sells its tutoring programs in both inner-city schools (where they're bought with federal funds) and in the suburbs, where students use them to catch up or get ahead. Sylvan's stock price has doubled in a year and a half.

Moe advised keeping an eye on Westcott Communications Inc., which produces educational programs that it broadcasts through private satellite television networks to businesses and classrooms.

In 1994, the company earned \$12 million on revenue of \$90 million; sales have tripled in three years.

Ten years from now, will one of these companies be the Microsoft - or the Columbia-HCA Healthcare Corp. - of education? Perhaps, but none of the firms is very big, and all could be outstripped by a newcomer.

Michael Milken, the former junk bond king of Drexel Burnham Lambert Inc., is among the smart investors who understand the opportunity. He recently told the *Wall Street Journal* that he's trying to build his own education company. "If we are successful," he said, "I really believe you can have a \$50 billion or \$100 billion company in the field of education."

Andrew Beje, who follows the sector for Advent in Hartford, agrees: "You don't know exactly what role the free-enterprise system will have, but I guarantee you it will be a lot greater than it is today." — *The Washington Post*

JULY 12, 1995 3



LESS THAN THE ELITE

Yair Shamir's resignation is the latest in a series of blows to the coffee and chocolate firm.

By Neil Cohen

Investors in Elite probably feel disappointed. They have watched the value of their investment sink by nearly 16% this year. At the same time the Mishkan Index of leading stocks has risen almost 10% and shares in Osem, Elite's arch rival, have climbed 21%. Indeed, Osem's stock market value of \$440 million is more than double Elite's although Elite's annual sales are about two and a half times its rival's.

Elite has been accident-prone on rather too many levels for the market's liking. For one thing, it has been through three managing directors in only five years. That Mof Shani quit after several years in the job — during which the company's situation improved significantly — was no massive shock. But it came as a surprise, when Natan Nissani left after only three years at the top. Neither morale nor the company's image were helped by a number of other senior departures.

What really unsettled investors, who immediately marked Elite's shares down 4% when the news came out last week, was the sudden resignation of present incumbent, former Seltex managing director Yair Shamir. He had only been in the job 11/2 years and had only just begun to talk openly about his plans for the company, granting interviews to *Ha'aretz* and *The Jerusalem Post*. And attracting Shamir from the world of high-tech had been seen as something of a coup.

Elite did its best to control the damage, stressing the amicability of Shamir's departure and the appointment of chairman David Federman as permanent and full-time managing director.

But investors did not have to look very hard for the implications of Shamir's departure. Like Nissani before him, Shamir had been unable to get along with Federman, or, more accurately, Federman had been unable to let his managing director get on with the job.

Federman reportedly wanted to see Europe, where Elite has seven factories, as the real center of operations. (He apparently thinks of Elite as an "international

company with an important operation in Israel.) He also felt that the Israeli market's increasing competitiveness, the growing entry of foreign imports as trade barriers fall, and price pressures from retailers, meant that it made little sense to devote substantial efforts to preserve its position in the market, which would likely prove futile in the long term.

Shamir, by contrast, saw the Israeli and European operations as one entity, answerable to him, and did want to expand in Israel.

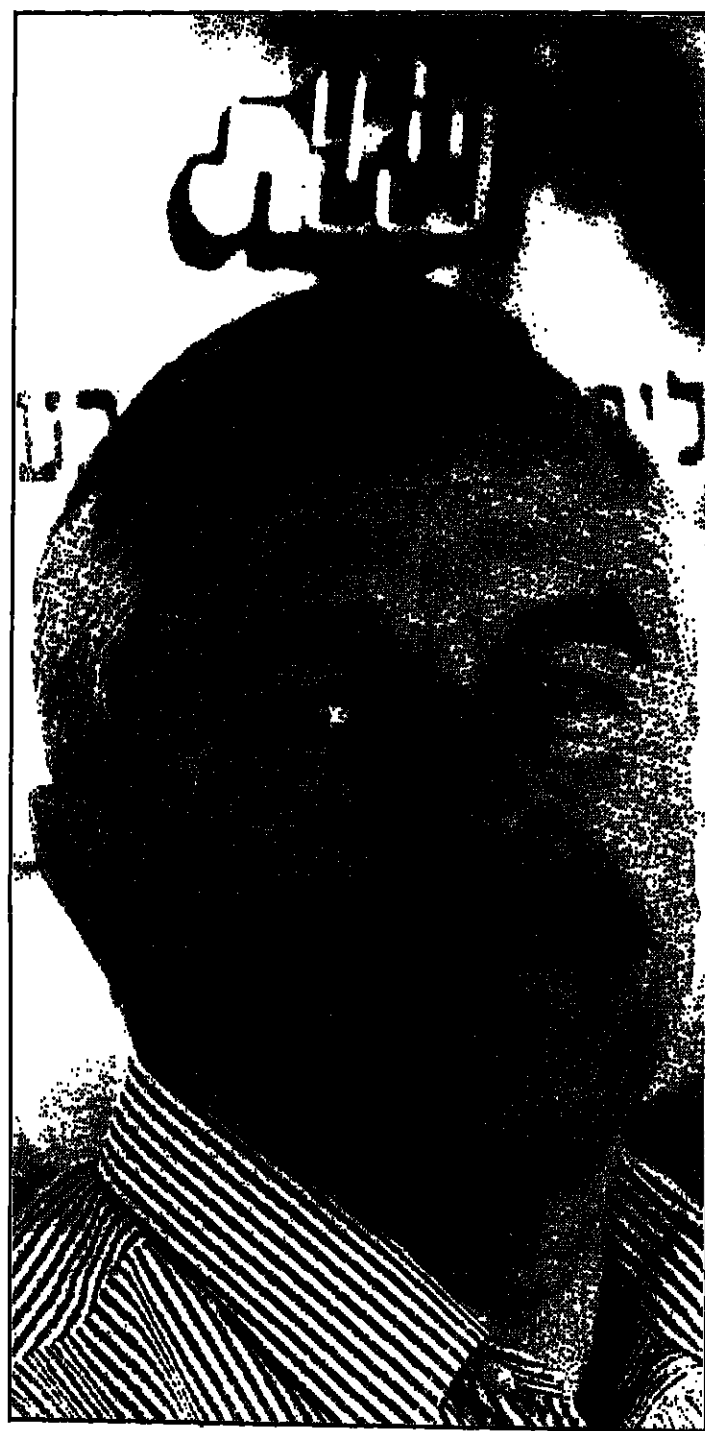
Federman's diagnosis that Israel will ultimately prove too small an arena if Elite is to continue growing is probably correct. But the strategy the company has adopted is risky and has so far failed to prove itself, despite predictions by Federman when he returned to Israel from Europe 21/2 years ago that he would get Elite back on track.

Federman's strategy of expanding aggressively into Europe, building on Elite's traditional strength in coffee and chocolate to try to build up a private-label coffee and chocolate business in Europe, while attempting to build some brands in eastern Europe, has yet to pay off, and at this point there is little indication that it will.

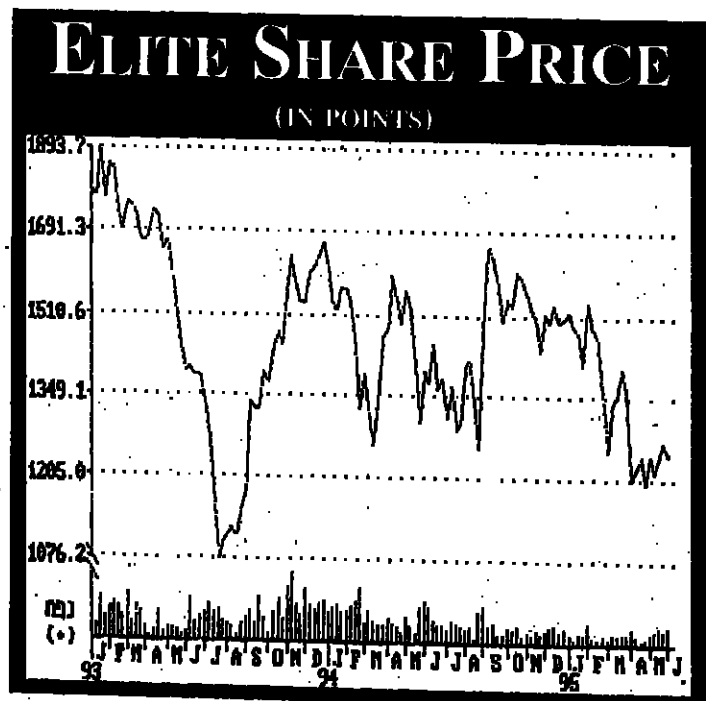
Quite what added value Elite brings to competitive high-volume markets with razor thin margins is not clear. And the factories it acquired in those markets were in less than perfect financial health and required significant management attention.

To make matters worse, Elite found itself in a nasty tangle with Osem. The two had traditionally avoided each other's turf but, with ever less room to expand, Osem entered the coffee market and Elite the salty snacks and pasta businesses. No one won the war, but they spent a lot of advertising shekels and management time on fighting it.

ELITE owns seven factories in Israel, manufacturing coffee, chocolate and sweets, tahina, sesame and halva, cookies and salty snacks. In addition to its manufacturing and distribution activities, Elite also operates 72 stores throughout Israel, some



Yair Shamir. His resignation shocked investors.



specializing in coffee, others in sweets and chocolates, as well as vending machines in gas stations and youth hostels.

Abroad, Elite also owns seven factories: two each in both France and Poland, one in Germany, one in Belgium and one in Spain. It is also in the process of setting up a coffee packaging plant in

Romania. Five of the seven factories are producers of coffee for the private label supermarket sector while one of the factories in France produces private label candy, chocolate, preserves and spices. One of the factories in Poland produces baked goods.

In 1994 Elite earned NIS 30 million after tax compared with

NIS 20.7m. in 1993. Revenues increased almost 17% to NIS 1.94 billion from NIS 1.66bn. the year before. Local sales grew 2% to NIS 868 million while sales from foreign subsidiaries rose 32% (though much of this was from new acquisitions) to NIS 1.07bn. Gross margins edged down to 21.4% from 21.9% and the return on sales was a disappointing 1.5%, though up slightly from 1.2% in 1993.

In the first three quarters of 1994, Elite had shown respectable, if unspectacular, profits but was caught out by a sharp rise in coffee prices toward the end of the year. It was unable to pass the increase on to customers, so fourth quarter margins were hit hard. Destocking by retailers at the end of the year made matters even worse.

In the first quarter of 1995, sales rose to NIS 583 million from NIS 481m. In the first quarter of 1994, with most of the growth again coming from the overseas subsidiaries. However, gross margins slid to 20.8% from 25.3% and operating profits fell to NIS 29.3m. from NIS 41m. as the company continued to encounter difficulties at some of its foreign subsidiaries and in particular at its French candy and chocolate factory Excella, where it began an efficiency program.

After-tax profits edged up to NIS 16.7m. from NIS 15.4m. but the result was flattered by a lower tax charge and by a one time gain of NIS 12.3m. on the sale of some land.

Given the difficulties it has faced abroad, despite its sizeable revenue base, it is not hard to understand that there have been differences over strategy at Elite. The company's failure to grow its bottom line must be all the more galling to its managers as they watch Osem serenely post solid earnings growth.

An indication of the problems Elite is facing at its foreign subsidiaries is that, while it earned NIS 79m. on sales of NIS 880m. in Israel in 1994 (a margin of 8.9%), it made only NIS 16m. on sales of NIS 1.07bn., an operating margin of 1.5%. The scale of these problems does mean that there is considerable scope for improvement (though equally the situation could easily worsen).

If Elite were to get its net profit margin up to, say, 5% — which is nothing special, Osem's was 6.9% in 1994 — on static sales, it could earn NIS 100 million. Were that to happen the stock price could easily double.

But the magnitude of the task cannot be underestimated. Top management has been thinned by departures. The man taking the reins is one who previously said that he wanted to take things easier and who has been busy with the sports business for the last 11/2 years.

And the problem businesses are on a different continent, in areas that would be tough at any time. Unless things get seriously worse there should be a floor under the share price not far below the current level, but right now investors are not betting much on a recovery.

The secret ingredient is service, and Coleman Andrews III says he can give you more of it than anybody else. Andrews is the chairman of World Airways and president of its parent corporation, WorldCorp. He is also a Virginian, a Presbyterian, a Republican, and a product of Dartmouth and Stanford universities, from both of which he received top honors.

"We intend to compete based on what the customers want," he says as he leans back in his chair in the garden bar of Jerusalem's American Colony Hotel, where he is staying with his son, Coley, 15. Andrews arrived on the company's inaugural flight from New York to Tel Aviv and stayed on to show his son some of the country.

He describes himself as a religious Christian and says that he has visited Israel several times on matters unrelated to business. His first visit was as part of a group accompanying Jack Kemp, the pro-Israeli former US Housing Secretary from New York.

He says that he patterns the company policy on that of US retail chain Nordstrom, which prides itself on providing whatever the customer wants. The chain hires its staff with this principle in view, he says, and it has built up an extraordinarily loyal clientele. "We are here to subordinate ourselves and to provide service. We hire people who think that way. That's the heart of our policy."

He says there are lots of discriminating passengers who will choose an airline which gives them more service. But are World Airways ticket prices comparable to those of other airlines?

When World Airways announced that it would be flying here, Israel manager Danny Rubinstein said that it would match the other airlines' prices, but would not start a price war. The claim seems debatable in view of World Airways' introductory price of \$599/round-trip from New York, and its lowest round-trip tourist fare from New York of \$699. The round-trip business class fare is \$1,899.

Andrews insists that the \$699 fare refers to a non-refundable, non-transferable ticket, and travel agents say that it is far less than that of any of the other airlines.

Passengers traveling from here to the US pay more but the deal is more flexible than might appear on the surface. Officially, the lowest World Airways fare from Israel to the US is \$1,099; but at the same time that it was officially listing this price, the company offered an introductory fare of \$825 through travel agents until July 17.

That is far less than other airlines. Yet Andrews remarks that World Airways could make a profit with even lower fares.

The problem is apparently one of credibility. World Airways may say that it is going to provide a better service than anybody else, but why should anyone believe it? After all, the New York-Tel Aviv route is its first scheduled flight anywhere. Most people know of World Airways for its role in ferrying US troops to and from Vietnam, and in more recent times to the Gulf war. This history hardly provides a guarantee of fine service.

Andrews says that carrying troops for the US government is only 6 percent of its business. It also runs holiday charters, but by far the biggest part of its business is in acting as an "airline for other airlines." Typically, he says, a World Airways plane is given the livery of another airline and it takes off as a regular scheduled flight of that company.

Among the companies which World has served in this capacity are Asena (a privately owned Korean airline), Air Malaysia, Cathay Pacific, Lufthansa, and Virgin Atlantic. If World Airways can satisfy the passengers of the "service-intensive" Far Eastern airlines, he says, it can satisfy anyone.

In addition, he says, it is the only airline to offer non-stop flights in both directions on its newly acquired MD-11s, McDonnell Douglas's latest wide-body model. And its planes have new interiors. Even if



Coleman Andrews (second from right) with Transport Minister Yisrael Kessar, US Ambassador Martin Indyk and Israel manager Danny Rubinstein after World Airways' maiden flight to Ben-Gurion Airport.

FARE'S FAIR

World Airways is not limited to flying planes for other airlines nor is it a nascent Palestinian carrier, says its chairman, Coleman Andrews III.

By Haim Shapiro

passengers are not exactly aware of which model they are on, they can certainly sense that they are in a new plane, he says. For the Israel run there is the option of kosher food and there are Hebrew-speaking personnel on board.

The seating configuration is more spacious than usual, he asserts. In tourist class the pitch — the distance from one seat to another — is 85 cm. Andrews claims that on some airlines serving this route it is a mere 73 cm. In business class, the pitch is 132.5 cm.

"They start at 46 to 48 inches [115 cm. to 120 cm.] in this market," he says, adding that World Airways' business class seats recline further.

"I'm 6 foot 4 inches [just under 2 meters] and I can travel in comfort," he asserts. The business class seats have adjustable headrests and the airline intends to install

new, wider business class seats in the coming months.

AWARE THAT many passengers are especially concerned about security on the Israel run, Andrews also notes that the airline works closely with ICTS, an Israeli-run airline security company, which is registered overseas and which Andrews describes as very accomplished.

The issue of security brings into question the role of Jack Khalil, a senior vice-president of World Airways, who is a Jerusalem-born Palestinian. There have been some reports in the Israeli press suggesting that Khalil is the majority stockholder in the company and that World Airways is the front for what is to become a Palestinian airline.

Andrews describes such reports as rubbish. He says that World Airways has been in business for 47 years and that the majority of the shares in WorldCorp, the parent company, are held by American citizens. World Airways does have a stake in Malaysian Airlines, he noted, as it does in a helicopter company in the Netherlands.

Khalil, who is responsible for the physical maintenance of the company's aircraft, has lived in the US for 25 years. He started out as a baggage handler at Chicago Airport, and has worked his way up the airline business.

Andrews is pleased by the diversity of his international staff. "I am proud of the fact that as a Christian I have Jewish partners in Israel and a Palestinian-born executive in my company," he says.

Another charge leveled at the company in the Israeli press was that it did not want to carry religious Jews. But the passengers who disembarked at Ben-Gurion Airport from the maiden flight, included a large percentage of *haredim*. Khalil points out that passengers on the New York-Tel Aviv

run included business people, those visiting friends and relatives, Christian pilgrims, Orthodox Jews and Moslems, and that World Airways intends to encourage all of them.

The accusations did not just come in the press. Speaking at a reception welcoming the inaugural flight, Transport Minister Yisrael Kessar, whose ministry had fought an unsuccessful rearguard action in an attempt to keep World Airways out of the market, spoke of "unfair pressure." Apparently he was talking about the US Civil Aviation Authority which threatened to cancel El Al's landing rights if Israel did not extend reciprocity to World Airways.

Andrews insists that Kessar was not criticizing World Airways, but rather the 40-year-old aviation agreement with the US, which stipulates that an unlimited number of airlines can fly between the two countries.

He says that despite the fact that there are three airlines — El Al, Tower, and TWA — providing direct service, and several more European airlines offering indirect service between the two countries, World Airways will make a go of it. He does not regard Delia's decision to stop flying to Israel as an omen, but rather as an opportunity to garner the one percent of the market which Delta had enjoyed.

The market between the two countries will continue to grow, he predicts, as long as the peace process advances.

World Airways also intends to expand into other markets, especially those involving flights of 12 hours or more. It wants to begin flights between the US and South Africa, a route that until now has been a monopoly of SAA, and it is likely that it will also begin non-stop flights to a Far Eastern destination which Andrews won't identify.

Andrews led WorldCorp out of bankruptcy soon after he joined the company in 1986, and has a good track record. He notes that the company has made a profit during six of the last eight years. And five of those years, he points out, were among the most difficult the world airline industry has ever known.

GO FOR BROKE

Two Americans are making the transition to the local financial scene.

By Rachel Neiman

MILTON MOSHE BERG
OSCAR GRUSS

MILTON Moshe Berg has a goal: "To help investors in Israel who have the good fortune to be able to invest abroad" increase that fortune in all senses of the word.

Berg has been characterized in the financial press as a "brash portfolio manager", a "self-taught financial genius" and was named 1987's US Mutual Fund Manager of the Year.

He drew attention to himself not only as a mutual fund manager but one of the few who shielded his investors from the 1987 stock market crash. Several weeks before Berg had published a report, *The Fat Lady is Singing* in which he concluded "there is currently enough economic stress in the system to cause a recession."

His belief was borne out, but then again, belief and study go together in Berg's background—he trained as a rabbi at the Rabbi Aaron Kotler Institute of Higher Learning.

Berg then taught himself the ways of Wall Street, beginning in 1978 as a commodities broker at Erlanger and Co. He then began managing money, specializing in metals trading. Moving to Oppenheimer & Co. he managed a \$200m. precious metals fund, specializing in gold, silver and platinum. He also ran Oppenheimer's \$500m. option fund which ranked first among all US funds in 1987.

Living in Israel has always been a possibility. Berg made "religious aliyah" slightly over a year ago, giving up all his US clients to live in Jerusalem and work as head of the research division in US financial markets at Oscar Gruss.

What he does at Gruss is manage money for individual clients with a minimum of investment capital of \$250,000. He currently has about \$5 million under management and is working hard to build on that. Originally Berg thought the bulk of his business would be institutional investors "but I saw there was a real lack of professional money management" for individuals.

Berg is a chartered financial analyst, trained for three years in all facets of fundamental security analysis and money management. "I don't know of any other CFAs in Israel who do money management," he points out.

"In the past I've been the institution. Now

people come to me with their personal money and I see the mistakes they've made. A stockbroker's expertise depends on whether his company tells him to buy or sell. Money management is far more emotional. Many people have been hurt by the US stock market, despite the fact that it has performed well for the past 15 years."

Berg explains his psychological approach, saying "Everybody involved in the market gets involved emotionally. The only way to overcome that is to approach it rationally and professionally. That's difficult. Money is one of the most important things to people. A good professional money manager knows to weigh choices."

Asked why investors might choose to do business with him compared with a broker abroad, Berg points out "Oscar Gruss is a broker in New York." Money management, he says "makes more money with far less volatility than with a broker. Plus, investors are getting something they wouldn't get in America. How many mutual fund managers have moved to Israel?"

In giving individual clients personal attention Berg looks for growth-type companies in turnaround. He looks for "companies that may have had problems or are perceived by the marketplace as not growing. Companies that either are benefiting from the technology boom or make raw materials that can serve it." Berg says he reduces volatility through hedging techniques.

Diversification is paramount, he says. "I won't take risks with other people's money," he says. "I can make as much money being diversified."

Berg owns about 15 to 18 stocks "for diversification." Reducing three years of CPA study into one sentence, he says adequate diversification requires a minimum of 12 different stocks in 12 different industries.

Handling business from Israel has proved less of a problem than anticipated. "Gruss has four direct lines to keep in touch with clients and I can always visit for investigative research. Anyway, visiting companies is less important than analyzing reports."

He works American hours, leaving the house at 2:30 p.m. to commute to Tel Aviv while the highways are free. He finishes work at 11:00 p.m. and is home by midnight. "I find it's a great schedule," he says. "You have your days free. In California traders have to get up at 4:30 a.m. Now that I find difficult."



Moshe Berg (left) and Richard Fry: Commuting to Tel Aviv and keeping New York hours.

RICHARD FRY
JOSEPHTHAL, LYON AND ROSS

RICHARD Fry, manager of institutional equities at Josephthal, Lyon and Ross (Israel), sees the role of a broker as that of teacher, mentor and creator.

"I believe in interviewing the person and finding out their tolerance for risk," he says. "People don't do that here. Most say they're conservative investors, then immediately turn around and say they want a \$5 stock that pays a 10% dividend and is about to double in 24 hours."

Fry knows that things don't come quite that easy. As national sales manager for financial services at brokerage PaineWebber between 1983 and 1988, he witnessed the crash of 1987. Following that, and tired of traveling between New York and his adopted home in Texas, Fry decided to move back to the Lone Star state. There he was recruited as director of sales and marketing by Rauscher-Pierce-Reffines, the southern sister of brokerage firm Dain Bosworth.

Fry started Rauscher's money management arm and helped found their money market funds, now with assets over \$1 billion.

Hmm... maybe things do come that easy? "I was very blessed there," he says of his time at Rauscher. "It was the best time of my life because I got to develop things. At PaineWebber you're a small fish in a big

pond. In a regional firm you can get things done."

In 1989 Fry became religious and the process eventually brought him to Jerusalem where he is about to celebrate the first anniversary of his immigration. He now lives in Ramot where he studies Talmud every morning before making the one hour commute to Tel Aviv. He says it's a vast improvement over his previous 90 minute drive to work.

He was brought into Josephthal (Israel) by VP David Fuchs who met Fry after the immigrant had completed a 6-month ulpan.

"When I was looking in New York everybody was saying they had someone in Israel but really the only ones [at that time] were Oscar Gruss. Josephthal was willing to make the commitment and it's a great opportunity because it again allows me to build something," Fry enthuses.

"Our size fits Israel. We have a trader on staff, a Hebrew speaker who speaks English beautifully, which allows local managers to get execution immediately."

As a broker/mentor, Fry writes up a formal investment plan and makes clients "read it and think about it. I'd like to teach Israelis their tolerance for risk, teach them to pick a broker who can add value. Israelis also lack understanding about diversification—that's another thing a broker has to teach a client."

FOREIGN BROKERAGE SERVICES OFFERED TO EXPATRIATES LIVING IN ISRAEL

COMMSTOCK	CLARK-ADDISON	OSCAR GRUSS	JOSEPHTHAL, LYON and ROSS	ASTAIRE
CONTACT PERSON —David Zwebner	CONTACT PERSON —Howard Rose	CONTACT PERSON —Milton Moshe Berg	CONTACT PERSON —Richard Fry	CONTACT PERSON —Dani Fuchs, Tel Aviv representative
AFFILIATES —Commstock represents a company owned by Mees Pierson derivatives, a Dutch group partly owned by ABN Amro bank. Israel representative of Oppenheimer, with all US stocks handled through Oppenheimer.	AFFILIATES —US market: Oppenheimer, Wertheim Schroder and Vision Commodities	AFFILIATES —Oscar Gruss	AFFILIATES —Josephthal, Lyon and Ross	AFFILIATES —Astaire's US dealing affiliates include a variety of brokers such as Lehman Bros., Jenrette, Wertheim Schroder, Merrill Lynch, Goldman Sachs, Furman Selz. It also deals with OTC trading through market makers.
BROKER/MONEY MANAGER? —Commstock is both broker and money manager.	BROKERAGE/MONEY MANAGER? —US stock and commodity broker, involved in stocks, bonds, mutual funds, commodity futures and options. Also do money management. Offer discount brokerage.	BROKERAGE/MONEY MANAGER? —Brokerage house money management on US equities only.	BROKERAGE/MONEY MANAGER? —Josephthal is a full service brokerage firm offering professional money management services.	BROKERAGE/MONEY MANAGER? —Both brokerage and money manager. Astaire is an agency stockbroker based in London which deals in every major international market as well as London. A high proportion of Astaire's business comes from outside the UK.
CLIENT BASE —well over 100 <i>patachniks</i> , overall client base is more than double.	CLIENT BASE —NA	CLIENT BASE —All Israeli institutions; banks, mutual funds, pension funds, private money managers and others.	CLIENT BASE —NA	CLIENT BASE —between 5,000 6,000
YEAR FOUNDED —1981	YEAR FOUNDED —1994	YEAR FOUNDED —US 1947, Israel 1969	YEAR FOUNDED —1910	YEAR FOUNDED —1960
ASSETS —NA (Bank references are obtainable but can't give figure.)	ASSETS —Handles both retail and institutional funds.	ASSETS —Pure money management on private and institutional basis.	ASSETS —NA	ASSETS —Astaire has money under management of about \$250m. and advises on funds of up to \$500m.
COMMISSION —Oppenheimer and Mees Pierson standard wholesale rates with allowances made for large institutional investors. Commstock works on a rebate basis with its parent companies.	COMMISSION —Discount commissions.	COMMISSION —Negotiable depending on portfolio.	COMMISSION —Differs depending on type of transaction.	COMMISSION —Fees depend on the size of the trades and in which market. Institutional clients 0.3%-0.5%. Smaller retail clients are charged more. For UK private investors 0.6% on larger transactions. Some clients pay minimal commissions plus annual management fees.
INSURANCE —currency and commodities covered by CFTC, securities covered by SIPC (part of SEC).	INSURANCE —Up to \$10 million through SIPC and Aetna.	INSURANCE —Government insured SIPC up to \$500,000 plus additional insurance up to \$300,000.	INSURANCE —Coverage of up to \$25m. through Aetna Insurance.	INSURANCE —Astaire's insurance coverage is that provided to SEC members and the Futures Authority plus professional insurance for indemnity.
CUSTODY —The customer's name is on the share certificate which can be held in any country according to customer request. Customers' assets are never with Commstock but go directly to Mees Pierson.	CUSTODY —Up to client. Either in street name or customer name.	CUSTODY —Held in US. According to customer request, either street name or client.	CUSTODY —Josephthal clears through Bear Stearns. All shares are held in New York by Bear Stearns. Shares are in customer's name.	CUSTODY —Astaire have a nominee company in the UK and overseas markets, mainly the Bank of Bermuda, but also use Euroclear, Tokai Bank, Strauss (S. Africa) and others.
OTHER —Fifteen years of experience with major brokerage firms on Wall Street. Have a staff of six brokers. Offers market research from Standard & Poors, major brokerage firm written reports as well as visitors lounge with quote machines, Reuters quote system and CNBC.				

YEAH, BUT CAN YOU MAKE MONEY?

There are plenty of ex-Wall Street hotheads in this country, most of them living in Jerusalem's religious neighborhoods.

Many of them did well enough in the *goldene medina* not to have to work too hard here. Still, a number have tried or are trying their hand at making a buck in the financial services business here.

But the word on the street is that it's pretty hard to make money here, at least in the brokerage business. Gruss pulled out of the retail brokerage business, which one

assumes they wouldn't have done had it been profitable.

Aside from Moshe Berg, Oscar Gruss has focused on Israeli stocks traded on Wall Street and they have made most of their money out of winning lucrative underwriting mandates.

Josephthal, too, seems to be mostly interested in Israeli stocks and investment banking. That is where the bigger Wall Street houses like Lehman, Oppenheimer and Furman Selz have focused exclusively. Why chase after retail trades generating

1% of \$10,000, if you're lucky, when you can hunt deals generating 5% of \$50 million?

There is certainly a sizeable population of Anglo-Saxon immigrants with money to invest. Many, though, have preferred the additional expense (telephone bills) and greater distance, over local calls and someone whose office they can visit easily. They have mostly decided to continue to work with brokers abroad, especially the bigger punters who generate the big commissions.

—Nell Cohen



Computer simulation of Mirav's scheme in the Neveh Hamuse'on neighborhood.

FIT FOR A MUSEUM

By Galit Lipkis Beck

The Neveh Hamuse'on neighborhood is expected to become one of the most prestigious and popular areas in Jerusalem, assuming the builders don't repeat the mistakes made by the developers of David's Village in the Manilla area.

Neveh Hamuse'on will be located at the foot of the Israel Museum, near the Knesset and opposite Hebrew University's Givat Ram campus. The three firms developing the area — Mirav, Kani Israel and Petrolgas expect total sales to reach about \$105 million.

Unlike the exclusive David's Village which was initially marketed solely to foreign residents, Neveh Hamuse'on is intended for Israelis and foreigners.

The developers claim they do not want to repeat the mistakes made by Ladbroke, the British company which built the first stage of David's Village. As a result of Ladbroke's decision to sell apartments mainly to overseas millionaires, the neighborhood is lifeless except during the festivals and holy days. Over the last few months, the new owners have tried to change the image of the complex with the sale of apartments to wealthy Israelis.

Mirav, a public company controlled by the Kuznetz family, has recently started construction of a complex in the center of the Neveh Hamuse'on area. The complex will include penthouses and 24 cottages with gardens, on a 4.2-

dunam plot. The land was leased from Israel Lands Administration (ILA) one year ago for \$5.4 million, including development.

The site will include eight three-story buildings. Each building will consist of two cottage apartments with a garden, and a penthouse. The 200-sqm. homes will each have five to six rooms and there will be an underground car park.

Michal Koren, marketing manager of the complex, says sales are expected to reach about \$22 million. Prices range from about \$850,000-\$999,000 depending on location.

Koren says the company has only recently started to negotiate sales with potential buyers, including local and foreign investors.

"Our target audience is Israelis and foreign residents who are interested in purchasing the houses as homes rather than solely as an investment," said Koren.

Petrolgas also has plans to build 24 apartments on a 4.5-dunam plot leased from ILA for \$4.5 million, including development. The complex will include two buildings with 12 apartments each. The building will be built according to the American condominium method. The five-to-seven room apartments will range from 150-250 sq.m.

Nimrod Ben-Ami, general manager of Petrolgas's building division, says prices will range from \$800-\$1.2m. Total sales are estimated at about \$20m.

Construction is scheduled to start in one month while occupancy is expected two years later.

Kani, a company jointly owned by Isco, Ben Yakar Gat, Maurice Reiner and four small companies engaged in the textile field, plans to build 61 cottages close to the Botanical Gardens.

The development will be constructed on a 15.8-dunam plot which was leased from ILA for \$12m., not including development, at the start of 1994.

The cottages will vary in size from 160-320 sq.m. while prices will range from \$800,000-\$1.3m. Total sales are estimated at more than \$65m.

Penthouse has started to market the West Park cottage development, the company's flagship project. The development is being constructed in Rishon LeZion's sand dune area, in the heart of the Lev Dekalim neighborhood, close to the sea shore and the city's shopping mall area. The company spent about one and a half years designing the neighborhood.

The development includes construction of 313 cottages, on plots of 240-500 sq.m. The seven-room, three-story cottages vary in size from 250-295 sq.m. The entrance floor includes a living room, dining room, kitchen, family room and toilet while the first floor includes a master bedroom, three bedrooms,

bathrooms and terrace. The upper floor contains a loft and terrace.

The cottages also include a 50-sqm. basement with a bathroom and window overlooking the garden.

Prices vary according to location and size. The price of a 290-sqm. cottage on a 300-sqm. plot starts at \$424,000, while a 257-sqm. cottage on a 400-sqm. plot starts at \$437,000.

West Park is being exclusively marketed by Ambassador. Penthouse has recently completed its show-house, at an investment of \$620,000.

Azorim, the construction and real estate division of Clal Israel, has commenced the second marketing phase of apartments in the Azorel Weizmann development, a new residential neighborhood in Rehovot.

Azorim hopes to turn the 45-dunam area into an all-inclusive residential quarter similar to the Azorel Chen neighborhood in Tel Aviv. The development will include kindergartens, schools, playing areas, social centers and a shopping center.

The development will involve construction of 11 buildings of eight to 11 floors. The apartment buildings will include a main lobby, private parking and air conditioning preparations. Azorim promises that the buildings will be

spacious and that many of the apartments will overlook the neighborhood park.

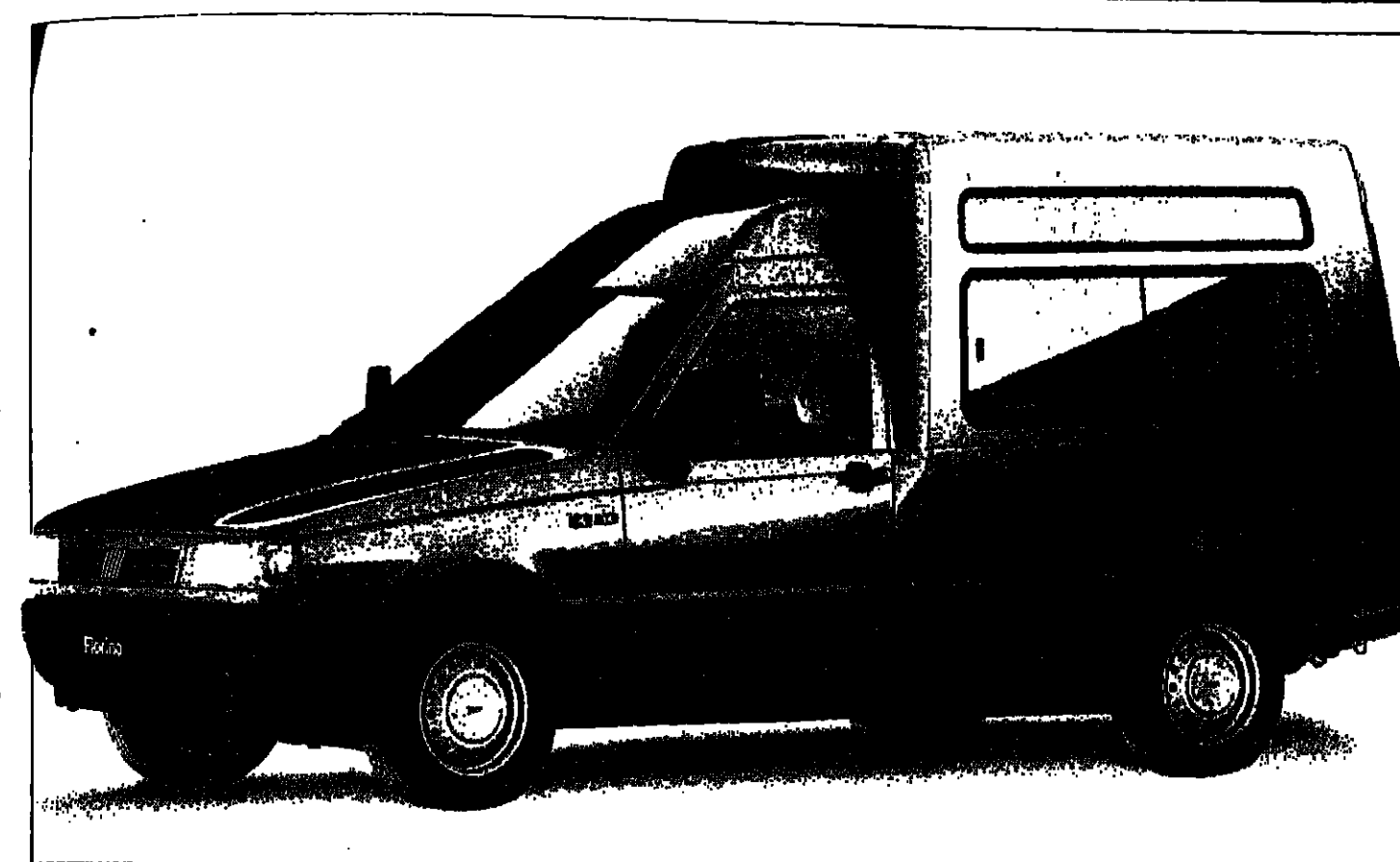
So far, the company has sold 60 percent of the 68 apartments available in the first two buildings. The second marketing stage involves the sale of 60 apartments, including many three-room apartments.

The price of three-room, 91-sqm. apartments is about \$160,000, while the price of a four-room, 110 sq.m. apartment is about \$180,000. Five-room, 128sq.m. apartments are available for \$208,000. The price of a 170-sqm. penthouse in addition to a 70-sqm. balcony is about \$400,000.

Denishra International plans to sell eight cottages in the second marketing phase of the Matan Hayeruka development, north of Kfar Sava. The company is offering six-room, 172-sqm. cottages for \$285,000. Each cottage is situated on a half dunam plot.

A. Dori has completed the sale of all of the 147 apartments available in the Ahuzat Hasharon complex in Ra'anana. The development includes 20 buildings of three to four floors. The company sold three-room, 90-sqm. apartments for \$180,000 and four-room, 120-sqm. apartments for \$240,000. Five-room, 130-sqm. apartments were sold for \$280,000.

Moshe Saffdie, the Israeli architect, announced the opening of the \$122 million public library in Vancouver, Canada this week. The 31,000-sqm. library was acclaimed as an architectural landmark by its chairman Kie Mitchell. It is uniquely designed and has been named by the local media as "Vancouver's living room."



The Fiat Fiorino isn't lacking in creature comforts.

A TRUMP CARD IN THE LDV GAME

By Joel Gordin

FIAT FIORINO PANORAMA 1,600S Light commercial van 1,581 cc. Horsepower: 76 at 5,750 rpm. Torque: 12.5 at 3,250 rpm. Gears: automatic; manual, 5 plus 1. Maximum speed: 158 kph. Acceleration: 0-100 kph in 14 secs. Gas consumption: 14km/l at 90 kph; 9.9 km/l in town. Length: 4.16m. Width: 1.62m. Height: 1.91m. Payload: 620 kg. Price: NIS 49,400 plus VAT (includes air conditioner, but not power steering).

Light delivery vans (LDV's) buzz around Israeli streets like yellow cabs in New York. The reason for the LDV's popularity is not because we are a nation of delivery people. It is a result of the system whereby a company or independent businessman receives a large tax break (for starters, refund of the VAT from the purchase price) from the use of a vehicle defined by the Transport Ministry as an LDV.

Most of these cars have collapsible rear seats which face forward and thus the LDV can be used by the owner as a "private" automobile with reasonable comfort. One of these vans — the Skoda Forman — has even had two rear side doors installed. But the Forman's payload of 380 kg is so low its use as a van is limited.

By far the most popular LDV is the 1,400 cc Renault Express whose "energy" engine generates 80 hp. The Express has so far out-

sold the 1,300 cc Fiat Fiorino, Citroen C15, Skoda Forman and others.

Now Mediterranean Car Agency (the local Fiat dealers) has brought out a 1,600 cc, revamped Fiorino. Despite the bigger engine its basic price will be no more than the Express.

The new Fiorino does not only have a more powerful engine and more attractive price. It is now longer, higher and wider not only than the previous model, but also than its rivals. This gives it a greater loading space and the capacity to carry a heavier load than the Express. In other words, it's a better buy for those who

genuinely need an LDV for work purposes. That is, in fact, Fiat's trump card.

The transport and finance ministries are finally taking steps to eliminate some of the tax breaks for LDVs. Included in a number of new regulations is the stipulation that an LDV will only be regarded as a taxable expense if the owner uses it to travel more than 19,000 km. a year. For the record, the size of the Fiorino's loading space is 3.2 cu. meters, compared to 2.6 for the Express and 2.7 for the C15.

The Fiorino's payload is 620 kg., compared to the Express's 550, and the C15's 600. The Fiorino's loading box is also bet-

ter designed. For example, the rear bumper opens as part of the doors making the platform much lower to the ground. That's a boon for lifting heavy objects into the back of the truck.

NOR IS the Fiorino lacking in creature comforts. Its front compartment is bigger than that of its rivals, and the Italians have made a big effort to rival the Express for that "automobile" feel.

The dashboard is based on that of the popular Uno model. It con-

tains three large, clear dials for speed, gasoline and temperature. Although the dash doesn't have as many different shapes of nooks for storage as there are in the Express, the entire left side is designed for storage of parcels.

There is also, as standard equipment, a shelf below the high cabin ceiling and a glove compartment. There are front power windows and an air conditioner made locally by Rascor.

The seats are comfortable and can be adjusted for three positions — but it takes a while to work out how to use the adjustment levers. The rear seats are also comfy, and all the seats have large headrests. It requires athletic ability to squeeze past the folding front seat into the back, but that's par for the course for an LDV.

One of the Fiorino's nicest features is the padded, almost sporty steering wheel. I drove a version with power steering (NIS 2,585 extra) which had an excellent turning radius — made for maneuvering in tight places which is just what the doctor orders for an LDV.

The Fiorino has less horsepower than the Express but the bigger engine supplies more torque and the Fiorino performs better than its rivals while carrying heavier loads. The engine has a tendency to shriek if left too long in the higher revs, but this can be eliminated by proper use of the gears.

So is there any reason to pay more for the Express? Renault's latest move is to offer Express buyers the option of automatic shift and a rear side door as well as luxuries like central locking and power windows. But it's probably too late.

Now that the new tax laws are in force, those who want an automatic shift automobile will buy one. Those who want an LDVcum-automobile will probably go for the more modest (but bigger and stronger) Fiorino Panorama. Finally, those who need a pure working van without side windows at the back and a permanent partition between the driver's cabin and the loading box will buy the Fiorina van version, the Forguna, which sells for NIS 48,160 (plus VAT).

Unlike Japanese, Korean and US manufacturers, who give an inclusive price, the Europeans charge extra for each feature. ●

CONFESSIONS OF AN IMPATIENT DRIVER

The 15 km. road from Neve Shalom junction to Ramat Junction (the old road from Jerusalem to Tel Aviv) has only one lane in each direction. For almost the entire 15 km. twisting, turning road, there is a solid white line between the lanes. And even on stretches where there is not, overtaking is dangerous. On the other hand, it's a good, flat round road with no stop signs or traffic lights and no pedestrian crossings. It's easy to travel the whole distance at the maximum allowed speed of 90 km/h. The other day I traveled this road at nearly 100 km/h. I followed an automobile which was doing about 100 km/h. There was nothing wrong with his speed. I was looking in my condog... I was not into...

Computer nerds are now cool, so cool in fact that they have inspired some of the hottest new cafes in one of New York's hippest neighborhoods.

Three new "cybercafes" have popped up in the past month in the trendy East Village area of Manhattan, offering a very '90s feature — personal computers (PCs) with access to the Internet.

"It's a twist on the old coffee house as a local gathering place," said Arthur Perley, owner of the Internet Cafe, which claims to be the first of the New York cybercafes.

Cafes with PCs and access to the Internet are cropping up all over the world, from London, Edinburgh and Hong Kong to American high-tech centers such as Seattle and San Francisco.

In New York, at the Internet Cafe, the @ Cafe and the Heroic Sandwich, all within several blocks of each other, users can sip coffee, munch muffins and browse the Internet for charges ranging from \$3 to \$7 for a half-hour.

The @ Cafe, which is named for the, "at" symbol used on electronic mail addresses, looks like a dark, downtown bar on the outside. Once inside, visitors are immediately struck by the glowing computer screens on large tables throughout the bar.

In the back room, a large video screen projects one of the colour Power Macintosh

COFFEE TALK

In New York and other cities, 'cybercafes' are giving customers access to the Internet.

By Therese Poletti

screens and for a few moments, displays a Botticelli painting dug up somewhere on the Internet. Several people, mostly men, stand at the bar drinking, but at the tables, small groups of people are surfing the Net.

TWO JAZZ musicians who walked into the bar for a drink after a local gig looked askance at the many computers. "Wow. This is so wild," muttered Valery Ponomarev, a trumpet player.

But after someone in the cafe showed them how to call up information on jazz on the Internet, the two spent an hour browsing Web pages developed by record companies,

looking up album liner notes and checking out upcoming jazz festivals.

"It was very enlightening," said Rick DellaRatta, a pianist and vocalist. "I was fascinated by the Jazz Online area. It gave me some ideas for my own career."

Indeed, while these cafes may seem to appeal to just computer nerds, all three in New York were designed to help both novice and expert computer users learn about the Internet.

A few blocks away, Perley, 38, of the Internet Cafe, said he started his cafe after seeing the explosion of interest in the Internet. "The Internet was exploding in the news-

papers and people were buying computers, but not really knowing what they were doing," Perley said. "There is only so much you can learn by yourself." Perley helps customers who also help each other.

The Internet Cafe and @ Cafe both offer classes on how to access the vast amount of information on the Net and on creating World Wide Web pages. The World Wide Web is part of the Internet. Staffers walk around and help customers as they get online, some for the first time.

One regular customer, Anna, came into the Internet Cafe to have a conversation in cyberspace. "I want to go on a chat line," she said, as she waited for a free terminal. "It's a fun way to meet people," said Anna, who declined to give her last name.

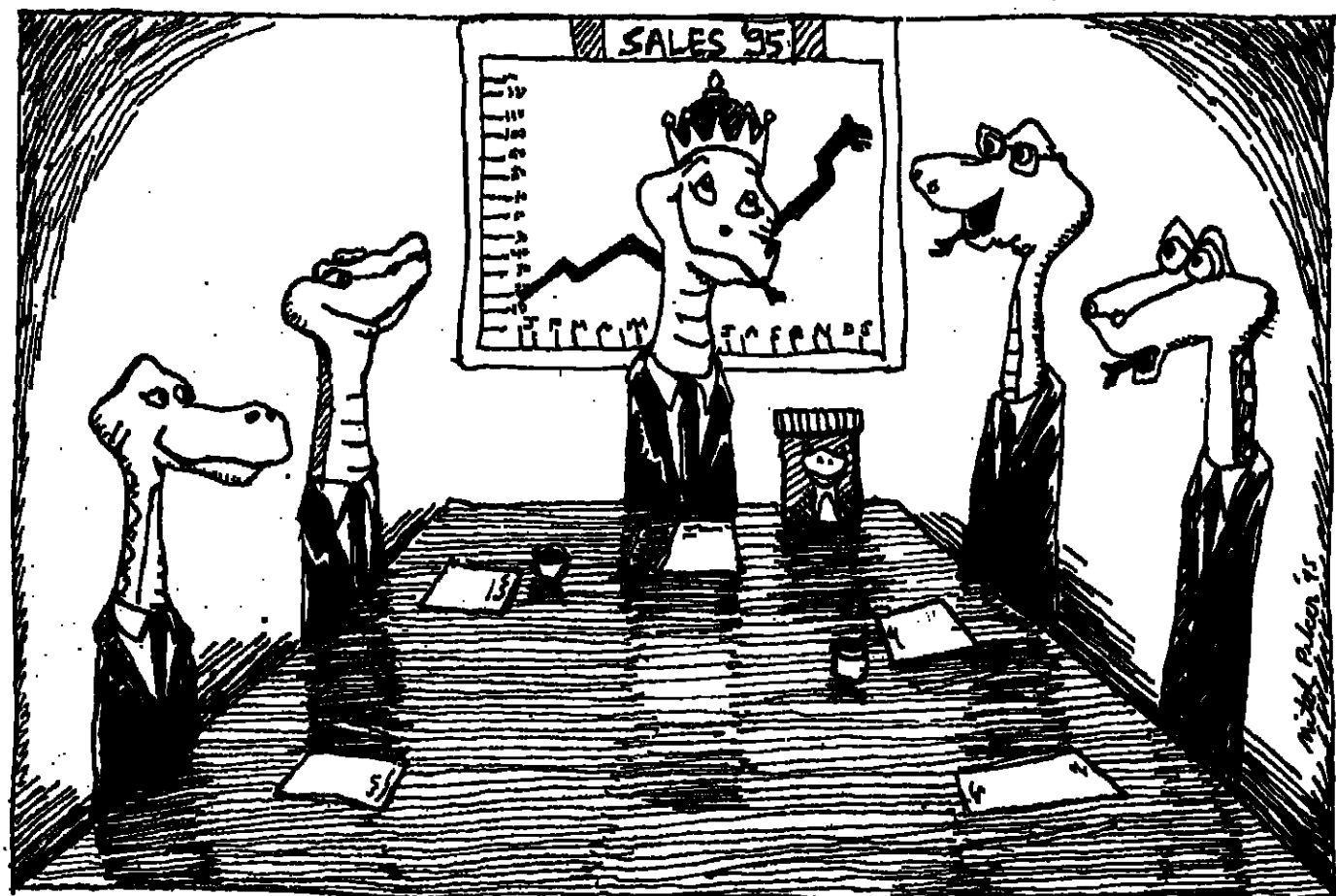
Customers can also bring in their laptops, plug them in to the high-speed communications line hookups on the tables and zip around the Net at much faster speeds than at home.

Dave Williams, one of the four 20-something founders of the Heroic Sandwich, said that he is also trying to attract more women to his small cafe, because about 85 percent of the Internet users are men.

"We made it so cute that whenever couples walk by, the women always want to go in," he said.

Reuter

THE SERPENT'S TAIL



Do you suffer from acne, itchy skin, pimples or rough skin? Xu Zhiwei has just the remedy, snake cream. Impotency? No problem. He sells an aphrodisiac made from serpents' penises.

From his spartan village office in the east China province of Jiangsu, Xu plans a global empire of medicine and cosmetics made from snakes.

Down the corridor in a smelly room, thousands of snakes heave and wriggle in green sacks. Others are pickling quietly in large glass bottles or are laid out to dry in the sun. "This one is very poisonous," Xu said with glee as he hoisted a sack whose writhing tenant seemed eager to leave it. "It is much in demand; several hundred yuan," (\$1 = 8.3 yuan).

Each year, Xu's Longlife Group turns 200 tons of snakes into handbags, wallets, belts, ties, meat, wine, health foods, medicines and cosmetics.

10 THE JERUSALEM POST MONEY MAGAZINE

China's snake king is planning to build an international cosmetics and medicine empire.

By Mark O'Neill

The target for 1995 group sales is 135 million yuan (\$16.3 million), including \$1 million in exports. Sales in 1994 were 120 million yuan (\$14.6 million) and exports were \$600,000.

By the end of the century, Xu hopes to have 500 million yuan (\$60 million) in turnover including \$5 million in exports, with up to 80 percent of the total from sales of snake health foods, medicines and cosmetics.

"I see our main growth in Japan, South Korea, Taiwan, Hong Kong and southeast Asia," he said, over a lunch of fried, boiled and smoked snake meat and snake soup.

"Look at Japan, a big snake importer, buying several thousands tons a year," he said. "To improve sales in these markets, Xu is looking for experienced importers and joint-venture partners who can help manage pharmaceutical and medical regulations.

With those obstacles out of the way, Xu

thinks overseas customers will be eager to buy Longlife products, among them a sexual restorative made from powdered snake penises.

"Shanghai consumers are very picky but are buying 3,000 10-box cases of our new snake powder a month. If they will buy it, other people will too," he said.

"The sexual prowess of snakes is well-known. After one mating with the male, a female snake can become pregnant for the next six years," he added, showing a visitor a dried snake penis ready for pulverizing.

THE LONGLIFE group comprises 15 companies, four of them joint ventures, with assets of 48 million yuan (\$5.8 million) and a workforce of 560. They are not all related to snakes — one makes furniture and floorboards.

The 1995 target for profits and taxes is 20 million yuan (\$2.4 million), against 11 million (\$1.33 million) in 1994.

The group, a collective of which Xu owns half, has leased 33 acres (132 dunams) of land to create "The Snake Garden of the Orient," which will triple snake production to 60 tons.

Xu wants to develop the park and its snake restaurant into a tourist attraction to lure visitors away from Suzhou, one of China's main tourist spots just 40 km to the south.

Just 20 years ago all this snake fever was illegal. In the Cultural Revolution of 1966-76, catching snakes was regarded as "the tail of capitalism" and banned despite its long history in the area.

Born in 1953, the Year of the Snake, Xu was a prime victim of this hysteria. The son of a rich peasant, he was vilified as a class enemy. He said his father was persecuted to death by Red Guards.

China's reform era turned things around. Xu entered the Communist Party in 1989 and became village party chief in 1990. He is also village mayor, which is a real business asset.

"This puts the decision-making in the hands of one person, which is efficient," he said. "Being party secretary helps me get bank loans and solve many other problems. It also improves my credibility."

Xu has a Mercedes Benz and chauffeur and puts his personal 1994 earnings at 100,000 yuan (\$12,000). His workers earn an average of 7,000 yuan (\$845) a year.

Xu said his new wealth sits lightly on his shoulders. "I started with nothing. Today I have something. If I lose it all tomorrow, it does not matter."

Reuter

FLEXIBLE

Fund's name	unit cost	redemption price	monthly yield (%)	yield (%)	NIS assets (millions)
Abir	157.85	154.98	+0.08	+1.76	21.3
Alfikh flexible	130.93	129.15	-0.66	+1.16	7.9
Alrayut flexible	388.92	381.76	+0.08	+4.20	7.1
Analyst Diversified	540.29	527.49	+0.18	+6.10	118.5
Asaf	171.27	169.21	+0.15	-0.77	1.7
Avuka	1544.59	1516.21	-0.44	-0.55	9.1
Bazak flexible	194.07	192.50	+0.17	+0.65	3.6
Beitua 30 plus	133.89	132.07	-0.25	+2.36	16.6
Beitua flexible	2053.54	2025.68	+0.21	+1.81	15.1
Bloch Rotstein flexible	118.45	116.00	+0.98	+6.59	5.8
Buron flexible	69.64	69.09	-0.70	+2.71	0.8
Dovrat-Shrem flexible	126.51	123.82	-0.31	+7.48	49.8
Egilon flexible	102.82	102.33	+0.77	—	3.4
Evergreen flexible	79.80	78.11	-0.08	-8.94	4.1
Idit	2995.34	2961.19	+0.93	+0.43	48.9
Ilnot Tishar	2294.39	2282.79	+0.10	+7.43	109.9
Ilnot00	181.55	178.18	+0.14	+6.35	39.5
Ilnot flexible	390.45	384.59	+0.62	+10.13	3.4
Ilnot flexible	990.11	971.97	+0.26	+7.34	11.0
Ilnot flexible	549.86	539.80	-0.21	+1.14	110.5
Ilnot flexible	133.94	131.49	-1.47	-3.92	34.6
Ilnot flexible	420.87	415.83	+1.21	+7.34	11.9
Ilnot flexible	1306.22	1282.95	-2.00	-0.50	8.4
Ilnot flexible	202.42	200.71	+0.89	+7.29	42.1
Ilnot flexible	105.97	104.07	-0.26	+2.11	4.5
Ilnot flexible	118.80	118.27	+1.43	+8.36	14.6
Ilnot flexible	1620.74	1602.25	-0.42	+1.36	5.7
Ilnot flexible	2473.44	2432.30	+1.02	+6.67	101.9
Ilnot flexible	1888.90	1877.00	-0.11	+6.86	23.5
Ilnot flexible	179.81	177.05	-4.03	-7.79	6.5
Ilnot flexible	589.24	581.13	+0.28	+4.19	42.8
Ilnot flexible	158.23	157.16	+0.16	+3.71	40.4
Ilnot flexible	70.42	69.22	+0.74	+3.24	8.0
Ilnot flexible	392.11	388.58	+0.44	-2.28	6.4
Ilnot flexible	157.88	156.91	+0.24	+2.12	48.8
Ilnot flexible	630.64	627.50	+0.19	+5.19	47.1
Ilnot flexible	216.74	214.82	+0.07	+8.43	107.0
Ilnot flexible	425.69	423.00	+1.00	+8.01	239.0
Ilnot flexible	146.58	144.61	+0.40	+3.22	12.3
Ilnot flexible	140.63	138.98	-0.26	+2.33	321.2
Ilnot flexible	83.55	84.67	+0.98	+7.26	22.0
Ilnot flexible	159.79	157.56	+0.19	+11.00	35.0
Ilnot flexible	2257.94	2221.45	-0.92	+3.28	15.2
Ilnot flexible	78.80	78.01	-0.74	+7.20	2.5
Ilnot flexible	2362.21	2318.57	-0.93	+1.91	77.9
Ilnot flexible	96.09	95.05	+0.61	+0.78	5.4
Ilnot flexible	12163.79	12075.14	-0.18	-0.39	3.8

SHARES

Fund's name	unit cost	redemption price	monthly yield (%)	yield (%)	NIS assets (millions)
Adif	101.06	99.26	-1.12	-1.20	69.3
Alfikh shares	203.72	201.05	-0.51	-1.40	21.9
Alrayut shares	128.17	125.51	-3.33	-22.38	5.0
Analyst shares	194.06	189.98	-0.87	-3.81	25.3
Analyst shares	260.96	256.12	-0.14	-3.50	7.9
Analyst shares	109.24	106.67	-0.36	+0.30	24.6
Analyst shares	839.59	819.73	-0.19	+6.02	135.9
Analyst shares	260.15	253.98	-0.15	+5.90	30.9
Analyst shares	152.45	151.81	+0.14	+0.34	19.3
Analyst shares	3575.24	3526.40	+0.86	+1.88	14.7
Analyst shares	58.63	57.81	-0.89	+3.79	2.9
Analyst shares	72.61	71.59	+0.15	+0.92	2.5
Analyst shares	83.23	81.69	+0.72	+6.67	9.0
Analyst shares	96.42	94.42	-0.32	+3.15	11.1
Analyst shares	77.68	76.04	+0.82	+6.11	16.2
Analyst shares	1588.16	1582.56	-1.17	-0.32	43.3
Analyst shares	64.63	63.84	+0.87	+4.60	30.9
Analyst shares	143.86	142.58	+1.45	+7.79	56.3
Analyst shares	1432.33	1427.98	+0.17	+3.91	71.8
Analyst shares	129.43	127.98	+0.17	+3.91	14.9
Analyst shares	161.77	160.57	-1.25	-7.63	32.7
Analyst shares	76.73	76.24	+0.57	+1.82	2.7
Analyst shares	67.05	66.17	+0.59	+8.41	5.5
Analyst shares	133.61	131.85	-0.26	-11.86	6.4
Analyst shares	237.18	236.19	-0.63	+0.36	268.1
Analyst shares	572.00	560.02	+0.15	+4.29	4.2
Analyst shares	113.58	112.25	+1.24	+5.50	106.6
Analyst shares	112.92	110.47	+0.41	—	5.9
Analyst shares	103.22	102.62	+0.84	—	2.1
Analyst shares	80.89	79.79	+0.15	+7.55	17.3
Analyst shares	100.25	98.33	+0.82	-1.42	1.8
Analyst shares	67.01	65.77	-1.81	-3.86	43.0
Analyst shares	2145.14	2132.06	+0.30	+8.42	102.6
Analyst shares	1876.52	1842.13	+0.72	+4.47	90.9
Analyst shares	670.87	658.52	-0.12	+4.44	173.9
Analyst shares	140.85	139.99	-0.75	+1.76	143.1
Analyst shares	63.49	62.51	+0.05	+10.24	15.3
Analyst shares	64.46	63.30	-0.42	+0.02	18.4
Analyst shares	135.72	135.05	+1.47	+8.31	55.9
Analyst shares	50.52	50.20	-0.34	-1.30	32.5
Analyst shares	46.78	45.76	-1.82	-16.92	0.2
Analyst shares	161.03	160.41	+1.54	+10.64	3.8
Analyst shares	123.79	122.14	+0.77	+19.06	4.7
Analyst shares	121.03	118.73	-0.66	-3.51	28.3
Analyst shares	215.73	211.04	-0.69	-0.55	33.6
Analyst shares	615.79	613.08	-0.39	+0.55	82.6
Analyst shares	102.00	100.86	-1.09	-5.14	104.7
Analyst shares	72.25	70.93	-0.57	+1.60	52.6
Analyst shares	52.48	51.52	-3.38	-8.52	14.7
Analyst shares	297.77	296.65	+0.80	+3.10	183.6
Analyst shares	601.49	594.78	-0.66	-1.19	102.8

STATE BONDS

Wahid motor pekan	151.31	128.90	+1.51	+7.85	138.2
Wahid motor	220.36	216.90	+0.58	+2.81	29.7
Mashbey Teva	—	—	—	-1.46	4.6
Mazon	90.95	89.71	+1.07	+2.15	4.0
Mad Maof	138.67	137.80	+1.45	+1.55	46.3
Melvat options	41.12	40.46	+1.10	-10.53	8.4
Melvat shares	153.93	152.15	-0.20	-0.96	5.7
Mercazot bank	136.19	135.87	+1.40	+11.93	3.4
Mercazot mishninin	213.12	212.40	-0.92	-7.27	5.3
Mercazot	356.36	355.99	-0.90	-4.11	2.5
Mercazot shares	356.36	355.15	-0.77	-27.75	40.0
Mifan	88.93	88.18	+0.96	+7.24	90.2
Migzar finance	76.13	75.50	+0.30	+0.36	19.6
Mivneh	281.67	279.26	-0.39	+10.31	104.1
Mondial	—	—	—	—	10.9
Mor	1165.38	1155.21	+1.60	+6.62	162.2
Nasim shares	297.66	295.74	+0.15	+3.38	11.3
Nili	756.61	750.20	+1.51	+5.26	20.6
Niruzzei	67.47	67.78	+0.78	+5.15	1.7
Omega	78.73	78.44	+0.64	+3.2	3.2
Ozar shares	98.51	97.15	-0.97	+3.85	14.4
Pia 2000	64.46	63.29	+0.30	+11.04	36.3
Pia bdolach	67.125	66.721	+0.58	+8.01	118.4
Pia manof	116.01	113.86	-0.96	-4.67	140.0
Pia mifan	133.59	133.58	+1.27	-8.71	158.7
Pia michol	328.38	328.38	-0.09	-0.09	10.0
Pia odem	831.71	816.56	-0.18	+3.37	215.6
Pia world	—	—	—	—	35.8
Pia yahalom	801.97	787.29	-0.49	+0.33	127.6
Pia zlmuk	52.07	51.75	-1.09	-1.82	61.1
Princess Continental	49.48	48.55	-0.51	-0.67	56.0
Priza	—	—	—	—	1.1
Psagot Focus	69.14	68.70	+1.87	+8.93	1.1
Psagot limit	64.59	63.37	+1.04	+6.68	40.3
Psagot pami	225.11	222.02	+0.81	-8.21	170.0
Psagot mabat lahalumil	87.49	85.84	+0.64	+4.39	90.0
Psagot shares	554.48	550.91	-0.19	+3.55	150.0
Ram 90	193.06	188.89	-2.24	-14.05	15.5
Sapnotot shares	62.93	62.67	-1.74	-1.97	95.9
Shodan shares	107.59	105.97	-0.47	+7.36	1.8
Tanisha export	107.49	106.78	+0.67	+7.36	1.8
Tanisha shares	455.11	450.04	-1.22	+4.54	1.3
Tnuot Sufa	111.68	108.93	-0.43	-9.93	12.6
Yasot	63.33	63.03	-3.77	-9.23	1.3
Zik	328.80	321.20	-1.14	-0.19	13.3
Zinger Barnea Financial	79.68	78.14	-3.66	-6.75	1.1
Zion carim	94.22	93.57	+0.15	+2.90	3.5
Zion shares	117.56	116.69	+0.55	+15.18	3.0